

HOUSE BILL REPORT

HB 2180

As Reported by House Committee On:
Technology, Energy & Communications

Title: An act relating to sales and use tax exemptions for certain plug-in hybrid electric vehicles.

Brief Description: Concerning sales and use tax exemptions for certain plug-in hybrid electric vehicles.

Sponsors: Representatives Eddy, McCoy, Carlyle, Upthegrove and Chase; by request of Governor Gregoire.

Brief History:

Committee Activity:

Technology, Energy & Communications: 2/18/09 [DP].

<p>Brief Summary of Bill</p> <ul style="list-style-type: none">• Creates sales and use tax exemptions for plug-in hybrid electric vehicles.
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HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

Majority Report: Do pass. Signed by 11 members: Representatives McCoy, Chair; Crouse, Ranking Minority Member; Haler, Assistant Ranking Minority Member; Carlyle, Finn, Herrera, Hinkle, Jacks, McCune, Morris and Takko.

Minority Report: Without recommendation. Signed by 4 members: Representatives Condotta, Hasegawa, Hudgins and Van De Wege.

Staff: Kara Durbin (786-7133)

Background:

Types of Electric Vehicles.

Electricity can be used as a transportation fuel to power electric vehicles. Electric vehicles are propelled by an electric motor powered by rechargeable battery packs. These vehicles typically have limited energy storage capacity, which must be replenished by plugging the vehicle into an electrical source to recharge the battery.

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Hybrid electric vehicles typically combine the internal combustion engine of a conventional vehicle with the battery and electric motor of an electric vehicle.

A plug-in hybrid electric vehicle is a hybrid electric vehicle with a battery that can be recharged by connecting a plug to an electric power source. It shares the characteristics of both a traditional hybrid electric vehicle, which has an electric motor and an internal combustion engine, and a battery electric vehicle, which uses a plug to connect to the electric grid and can be powered by the stored electricity alone.

Retail Sales and Use Taxes.

Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property and some services. Use taxes apply to the value of most tangible personal property and some services when used in this state, if retail sales taxes were not collected when the property or service was acquired by the user. Use tax rates are the same as retail sales tax rates. The state tax rate is 6.5 percent. The average local tax rate is 2 percent, for an average combined state and local tax rate of 8.5 percent.

All items or services sold or acquired at retail are subject to the retail sales and use taxes unless specifically exempted otherwise. Tax is due at the time of sale or first use within the state.

Sales and Use Tax Exemptions for Alternative Fuel Vehicles.

In 2005 tax exemptions were created for new motor vehicles that use certain alternative fuels or hybrid technology. These tax exemptions took effect on January 1, 2009, and expire on January 1, 2011. The sale or use of a new passenger car, light duty truck, or medium duty passenger vehicle is exempt from sales and use tax if:

1. the vehicle is exclusively powered by natural gas, propane, hydrogen, or electricity, and the vehicle meets California motor vehicle emissions standards effective January 1, 2005, as adopted by the Department of Energy; or
2. the vehicle uses hybrid technology and has a U.S. Environmental Protection Agency estimated highway gasoline mileage rating of at least 40 miles per gallon.

Summary of Bill:

A sales and use tax exemption is created for new qualified plug-in hybrid electric vehicles. This exemption expires January 1, 2014.

A "qualified plug-in hybrid electric vehicle" is defined as passenger cars, light duty trucks, and medium duty passenger vehicles that: (1) draw propulsion power from a rechargeable battery and directly or indirectly from an internal combustion engine; and (2) use an off-board source of energy to recharge the battery.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2009.

Staff Summary of Public Testimony:

(In support) Reducing our dependence on fossil fuels is important, as well as reducing our greenhouse gas emissions. In making this transition to electric vehicles we need to be mindful of what electricity generation resources we're using. This is part of the Governor's overall strategy this session.

(In support with concerns) Some dealers already have plug-in vehicles for sale. All of the major automakers are working on pure plug-in vehicles or plug-in hybrids. It would be advantageous if other two-wheeled vehicles and scooters were eligible for this incentive as well.

(Opposed) None.

Persons Testifying: (In support) Representative Eddy, prime sponsor; Julie Murray, Office of the Governor; and Craig Engelking, Sierra Club.

(In support with concerns) Patrick Halstead, Washington State Motorsports Dealers Association.

(Opposed) None.

Persons Signed In To Testify But Not Testifying: None.